

**OLD DOMINION UNIVERSITY  
NORFOLK, VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 1999**

***AUDITOR OF  
PUBLIC  
ACCOUNTS***



***COMMONWEALTH OF VIRGINIA***

## **AUDIT SUMMARY**

Our audit of Old Dominion University for the year ended June 30, 1999, found:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider material weaknesses; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

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UNIVERSITY OFFICIALS

February 24, 2000

The Honorable James S. Gilmore, III  
Governor of Virginia

The Honorable Richard J. Holland  
Chairman, Joint Legislative Audit and Review Commission

The Board of Visitors  
Old Dominion University

We have audited the accounts and records of **Old Dominion University** as of and for the year ended June 30, 1999, and submit herewith our complete reports on financial statements and on compliance and internal control over financial reporting.

#### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the balance sheet of Old Dominion University as of June 30, 1999, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Old Dominion University as of June 30, 1999, and the changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements of Old Dominion University taken as a whole. The accompanying "Schedule of Auxiliary Enterprises Revenues and Expenditures" is presented for the purpose of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly presented in all material respects, in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of Old Dominion University as of and for the year ended June 30, 1999, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grants in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

The "Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting" is intended solely for the information and use of the Governor and General Assembly of Virginia, Board of Visitors and management, and is not intended to be and should not be used by anyone other than these specific parties. However, this report is a matter of public record and its distribution is not limited.

### EXIT CONFERENCE

We discussed this report with management at an exit conference held on February 14, 2000.

AUDITOR OF PUBLIC ACCOUNTS

GML:aom  
aom:65

**OLD DOMINION UNIVERSITY**  
**BALANCE SHEET**  
**As of June 30, 1999**

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds				Agency Funds	Total (Memorandum Only)
	Unrestricted	Restricted			Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant		
A S S E T S										
Cash (Note 4)	\$ 30,698,857	\$ 2,068,156	\$ 203,544	\$ -	\$ -	\$ 1,047,050	\$ -	\$ -	\$ 61,185	\$ 34,078,792
Investments held with the Treasurer of Virginia (Note 4)	1,952,438	-	-	-	-	-	-	-	-	1,952,438
Appropriations available	-	-	-	-	2,335,118	-	-	-	-	2,335,118
Investments (Note 4)	5,545,350	677,943	446,928	12,928,406	8,401,264	897,212	-	-	134,347	29,031,450
Accounts receivable (Note 5)	9,838,787	715,767	125,759	-	-	-	-	-	554	10,680,867
Notes receivable (Note 5)	-	-	4,182,369	-	-	-	-	-	-	4,182,369
Inventories	541,011	-	-	-	-	-	-	-	-	541,011
Due from other funds	443,503	-	-	-	-	-	157,051	-	-	600,554
Prepaid expenses	88,707	1,573	-	-	-	-	-	-	-	90,280
Land	-	-	-	-	-	-	-	16,867,354	-	16,867,354
Buildings	-	-	-	-	-	-	-	125,556,534	-	125,556,534
Improvements	-	-	-	-	-	-	-	7,860,426	-	7,860,426
Equipment	-	-	-	-	-	-	-	34,984,941	-	34,984,941
Library books	-	-	-	-	-	-	-	28,564,868	-	28,564,868
Construction in progress	-	-	-	-	-	-	-	69,795,539	-	69,795,539
Total assets	\$ 49,108,653	\$ 3,463,439	\$ 4,958,600	\$ 12,928,406	\$ 10,736,382	\$ 1,944,262	\$ 157,051	\$ 283,629,662	\$ 196,086	\$ 367,122,541
LIABILITIES AND FUND BALANCES										
Cash overdraft (Note 9)	\$ -	\$ -	\$ -	\$ 692	3,303,920	\$ -	\$ -	\$ -	\$ -	3,304,612
Accounts payable and accrued liabilities	2,043,289	448,227	343	-	2,343,685	-	157,051	-	293	4,992,888
Obligations under Securities Lending Program	1,952,438	-	-	-	-	-	-	-	-	1,952,438
Accrued leave (Note 1 H)	8,279,776	141,537	-	-	-	-	-	-	-	8,421,313
Deferred revenue (Note 1 I)	7,412,008	20,385	-	-	-	-	-	-	-	7,432,393
Retainage payable (Note 10)	-	-	-	-	522,135	-	-	-	-	522,135
Bonds payable (Note 6)	-	-	-	-	615,498	-	-	40,365,571	-	40,981,069
Leases payable (Note 6)	-	-	-	-	-	-	-	5,361,162	-	5,361,162
Due to other funds	-	508,268	75,289	-	16,864	-	-	-	133	600,554
Funds held in custody for others	-	-	-	-	-	-	-	-	195,660	195,660
Fund balances:										
Unrestricted current funds	29,421,142	-	-	-	-	-	-	-	-	29,421,142
Restricted current funds	-	2,345,022	-	-	-	-	-	-	-	2,345,022
Loan funds, U.S. Government grants	-	-	3,773,386	-	-	-	-	-	-	3,773,386
Loan funds, University - Restricted	-	-	1,109,582	-	-	-	-	-	-	1,109,582
Endowment - Restricted	-	-	-	7,574,680	-	-	-	-	-	7,574,680
Quasi-endowment - Restricted	-	-	-	4,821,774	-	-	-	-	-	4,821,774
Quasi-endowment - Unrestricted	-	-	-	531,260	-	-	-	-	-	531,260
Unexpended plant funds	-	-	-	-	3,934,280	-	-	-	-	3,934,280
Renewals and replacements	-	-	-	-	-	1,944,262	-	-	-	1,944,262
Net investment in plant	-	-	-	-	-	-	-	237,902,929	-	237,902,929
Total liabilities and fund balances	\$ 49,108,653	\$ 3,463,439	\$ 4,958,600	\$ 12,928,406	\$ 10,736,382	\$ 1,944,262	\$ 157,051	\$ 283,629,662	\$ 196,086	\$ 367,122,541

The accompanying notes to financial statements are an integral part of this statement.

**OLD DOMINION UNIVERSITY**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 1999**

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds			
	Unrestricted	Restricted			Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant
Revenues and other additions:								
Unrestricted current funds revenues	\$ 164,096,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State appropriations	-	6,051,369	-	-	1,843,401	-	1,853,580	-
Federal grants and contracts	-	57,905,321	81,064	-	-	-	-	-
State grants and contracts	-	451,073	-	-	-	-	-	-
Private gifts, grants, and contracts	-	8,810,270	-	1,380	47,623	-	-	-
Investment income	-	338,018	95,908	1,112,610	732,852	39,485	-	-
Interest on loans receivable	-	-	102,024	-	-	-	-	-
Expended for plant facilities (Including \$6,140,792 charged to current funds)	-	-	-	-	-	-	-	12,742,991
Retirement of indebtedness	-	-	-	-	-	-	-	4,925,770
Other sources	-	988,611	-	-	48,661	-	4,810	-
<b>Total revenues and other additions</b>	<b>164,096,794</b>	<b>74,544,662</b>	<b>278,996</b>	<b>1,113,990</b>	<b>2,672,537</b>	<b>39,485</b>	<b>1,858,390</b>	<b>17,668,761</b>
Expenditures and other deductions:								
Educational and general expenditures	131,306,402	74,891,953	-	-	-	-	-	-
Auxiliary enterprises expenditures	17,954,007	1,508,880	-	-	-	-	-	-
Indirect cost recovered	-	47,844	-	-	-	-	-	-
Loan cancellations, assignments, and write-offs	-	-	5,316	-	-	-	-	-
Administrative and collection costs	-	-	65,151	-	-	-	-	-
Expended for plant facilities (Including \$965,355 not capitalized)	-	-	-	-	7,565,810	1,744	-	-
Retirement of indebtedness	-	-	-	-	-	-	4,925,770	-
Interest on indebtedness	-	-	-	-	-	-	2,286,385	-
Disposal of plant assets	-	-	-	-	-	-	-	459,370
Refunded to grantors	-	155,344	-	-	-	-	-	-
Payments for Securities Lending Program	58,983	-	-	-	-	-	-	-
<b>Total expenditures and other deductions</b>	<b>149,319,392</b>	<b>76,604,021</b>	<b>70,467</b>	<b>-</b>	<b>7,565,810</b>	<b>1,744</b>	<b>7,212,155</b>	<b>459,370</b>
Transfers among funds - additions/(deductions):								
Mandatory:								
Debt service	(5,358,575)	-	-	-	-	-	5,358,575	-
Loan fund matching grant	-	(51,860)	51,860	-	-	-	-	-
Allocation of work study	(126,420)	126,420	-	-	-	-	-	-
Nonmandatory - (to)/from other funds	(1,689,239)	1,191,408	(95,908)	(13,972)	411,371	201,150	(4,810)	-
<b>Total transfers among funds</b>	<b>(7,174,234)</b>	<b>1,265,968</b>	<b>(44,048)</b>	<b>(13,972)</b>	<b>411,371</b>	<b>201,150</b>	<b>5,353,765</b>	<b>-</b>
Net increase (decrease) for the year	7,603,168	(793,391)	164,481	1,100,018	(4,481,902)	238,891	-	17,209,391
Fund balances at beginning of year as restated (Note 3)	21,817,974	3,138,413	4,718,487	11,827,696	8,416,182	1,705,371	-	220,693,538
Fund balances at end of year	\$ 29,421,142	\$ 2,345,022	\$ 4,882,968	\$ 12,927,714	\$ 3,934,280	\$ 1,944,262	\$ -	\$ 237,902,929

The accompanying notes to financial statements are an integral part of this statement.



**OLD DOMINION UNIVERSITY**  
**STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES**  
**For the Year Ended June 30, 1999**

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 56,062,885	\$ -	\$ 56,062,885
State appropriations (Note 11)	72,027,006	6,028,419	78,055,425
Federal grants and contracts	44,080	58,027,686	58,071,766
State grants and contracts	379	645,343	645,722
Private gifts, grants, and contracts	1,485	11,624,825	11,626,310
Sales and services of auxiliary enterprises	33,801,561	-	33,801,561
Proceeds from Securities Lending Program	61,588	-	61,588
Other sources	2,097,810	-	2,097,810
Total current revenues	164,096,794	76,326,273	240,423,067
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	69,690,800	2,802,333	72,493,133
Research	369,919	1,755,128	2,125,047
Public service	395,863	616,938	1,012,801
Academic support	25,634,947	394,424	26,029,371
Student services	6,208,148	636,999	6,845,147
Institutional support	16,861,592	1,308,405	18,169,997
Operation and maintenance of plant	9,285,858	2,806	9,288,664
Scholarships and fellowships	2,859,275	67,374,920	70,234,195
Educational and general expenditures	131,306,402	74,891,953	206,198,355
Mandatory transfers:			
Debt service	229,046		229,046
Loan fund matching grant	-	51,860	51,860
Allocation of work study	126,420	(126,420)	-
Total educational and general	131,661,868	74,817,393	206,479,261
Auxiliary enterprises:			
Operating expenditures	17,954,007	1,508,880	19,462,887
Payments for Securities Lending Program	58,983		58,983
Mandatory transfers for debt service	5,129,529	-	5,129,529
Total auxiliary enterprises	23,142,519	1,508,880	24,651,399
Total expenditures and mandatory transfers	154,804,387	76,326,273	231,130,660
Other transfers and additions/(deductions):			
Deficiency of restricted receipts over transfers to revenue	-	(1,829,455)	(1,829,455)
Refunded to grantors	-	(155,344)	(155,344)
Nonmandatory transfers (to)/from other funds	(1,689,239)	1,191,408	(497,831)
Net increase (decrease) in fund balances	\$ 7,603,168	\$ (793,391)	\$ 6,809,777

The accompanying notes to financial statements are an integral part of this statement.

OLD DOMINION UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Old Dominion University have been prepared in accordance with generally accepted accounting principles for colleges and universities. The significant accounting policies followed by the University are as follows:

A. Reporting Entity

Old Dominion University is an institution of higher education and operates under policy guidelines established by the State Council of Higher Education in Virginia and is governed by a Board of Visitors.

A separate report is prepared for the Commonwealth of Virginia which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The University is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

B. Basis of Accounting

The University utilizes the accrual basis of accounting in accordance with the American Institute of Certified Public Accountants' audit guide, Audits of Colleges and Universities. The accompanying financial statements include no provision for the depreciation of plant assets.

The Statement of Current Funds Revenues, Expenditures, and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

C. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of "fund accounting." Resources are classified for accounting and reporting purposes into funds which may be used for activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the

Board of Visitors. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds, and are in contrast with unrestricted funds over which the governing board retains full control and use in achieving any of its institutional purposes, subject only to State laws and regulations governing such funds.

Unrestricted revenue is accounted for in the Current Unrestricted Fund. Restricted gifts, grants, appropriations, and other restricted resources are accounted for in the appropriate restricted funds. Current Restricted Funds are reported as revenues and expenditures when expended for current operating purposes.

A summary of fund group definitions is as follows:

**Current Funds** - Current fund balances are separated into those which are restricted by donors and those which are unrestricted. Restricted funds may only be expended for the purposes indicated by the donor or grantor whereas unrestricted funds are available for current operations at the discretion of the University.

**Loan Funds** - Loan funds represent funds which are limited by the terms of their donors or by action of the Board of Visitors for the purpose of making loans to students.

**Endowment and Similar Funds** - Endowment and similar funds record the usage of income from moneys subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. The governing board has established quasi-endowment funds for the same purpose as endowment funds, and any portion of quasi-endowment funds may be expended.

**Plant Funds** - Plant funds are divided into four groups: Unexpended Plant, Renewals and Replacements, Retirement of Indebtedness, and Investment in Plant. Unexpended plant funds represent funds, which were specified by external sources or designated by the Board of Visitors for the acquisition and construction of physical properties. Renewal and replacement funds represent funds for the renovation and replacement of physical properties. Retirement of indebtedness funds represent resources held for the retirement of both principal and interest on debt and sinking funds established under bond indentures. Investment in Plant funds represent the capitalized value of physical property owned by the University, less associated long-term debt.

**Agency Funds** - Agency funds reflect funds held in custody for others by the University.

D. Investments

Investments which are purchased are recorded at fair value; investments received by gift are carried at fair value at the date of acquisition.

E. Inventories

Inventories are valued at the lower of cost (generally determined on the first-in, first-out basis) or market.

F. Interfund Obligations

Interfund obligations represent the temporary use of current funds pending reimbursement of expenditures among funds.

G. Investment in Plant

Plant assets are stated at cost, or if donated, at fair market value at the date of donation. No provision for depreciation is made. Plant fund expenditures for construction in progress are capitalized as incurred and reflected in investment in plant.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement, and (3) transfers of a nonmandatory nature for all other cases. Plant assets, at the time of disposal, revert to the Commonwealth of Virginia for disposition. Proceeds, if any, are returned to the University.

H. Accrued Leave

Accrued leave reflected in the accompanying financial statements represents the amount of annual, sick, and compensatory leave earned by employees of the University as of June 30, 1999. The amount represents all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave pay-out policy and the University's faculty administrators' leave pay-out policy upon employment termination. The applicable share of employer related taxes payable on the eventual termination payments is also included.

I. Deferred Revenue

Deferred revenue represents moneys received but not earned as of June 30, 1999. In the Current Unrestricted funds, deferred revenue represents student tuition and fees received in advance of the academic term.

J. Total Columns

Total columns on the financial statements are captioned "Total - Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## 2. AFFILIATED ORGANIZATIONS

The financial statements do not include the assets, liabilities, and fund balances of the Old Dominion Research Foundation, the Old Dominion Educational and Real Estate Foundation, and the Old Dominion Intercollegiate Foundation. The Educational and Real Estate and Intercollegiate Foundations have been audited for the year ended December 31, 1998, by independent certified public accountants. The Research Foundation has been audited for the year ended June 30, 1999, by independent certified public accountants.

The following is a condensed summary of the audited financial conditions, which the Foundations have submitted to the University:

	Research Foundation at June 30, 1999	Educational and Real Estate Foundation at December 31, 1998	Intercollegiate Foundation at December 31, 1998
Assets	<u>\$11,385,439</u>	<u>\$ 88,406,157</u>	<u>\$ 4,236,627</u>
Liabilities	\$ 3,802,637	\$ 83,068,403	\$ 4,056,619
Fund balances	<u>7,582,802</u>	<u>5,337,754</u>	<u>180,008</u>
Total liabilities and fund balances	<u>\$ 11,385,439</u>	<u>\$ 88,406,157</u>	<u>\$ 4,236,627</u>

The aggregate revenues and expenditures of these organizations were \$26,305,593 and \$22,674,271 respectively. The University had accounts receivable balances of \$12,873 and \$11,714 for the Educational and Real Estate Foundation and the Intercollegiate Foundation, respectively, at June 30, 1999.

## 3. RESTATEMENT OF BEGINNING FUND BALANCE

The beginning fund balance in the Unexpended Plant fund has been adjusted to correct improper recording of appropriations revenue in the prior year related to general obligation bonds and bonds associated with the Commonwealth's Pooled Bond Program. These bonds are used to fund specific capital projects.

	Unexpended Plant Funds
Fund balance at June 30, 1998	<u>\$ 45,395,240</u>
Adjustment	<u>(36,979,058)</u>
Restated balance at July 1, 1998	<u>\$ 8,416,182</u>

#### 4. CASH AND INVESTMENTS

All state funds of the University are held by the Treasurer of Virginia pursuant to Section 2.1-177, et seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash" on the accompanying balance sheet and is not categorized as to credit risk. Certain deposits also are held by the University. Deposits with banks and savings institutions are covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359, et seq., Code of Virginia. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. Savings institutions are required to collateralize 100 percent of deposits in excess of FDLIC limits.

Statutes authorize the investment of funds held by the University in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the University may invest in prime quality commercial paper rated Prime 1 by Moody's Investment Service or A-1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements and money market funds comprised of investments which are otherwise legal investments of the University.

The University's investments, are categorized below to give an indication of the level of credit risk assumed by the University at June 30, 1999. Credit risk is the risk that the University may not be able to obtain possession of its investment instrument or collateral at maturity. Risk category 1 includes investments which are insured or registered or for which the securities are held by the University or its safekeeping agent in the University's name. Risk category 2 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent in the University's name. Risk category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the University's name. The composition and categorization of investments held by the University at June 30, 1999, follows:

<u>Temporary Investments</u>	<u>Fair Value</u>
Category 3:	
U.S. Government Securities and	
U.S. Government Agent Securities	\$ 1,022,519
Common and preferred stock	858,956
Corporate bonds	<u>184,621</u>
Subtotal	2,066,096
Noncategorized:	
Money market	243,885
Common fund	<u>4,887,775</u>
Total temporary investments	<u>\$ 7,197,756</u>

<u>Long-Term Investments</u>	<u>Fair Value</u>
Category 3:	
U.S. Government Securities and	
U.S. Government Agent Securities	\$ 1,548,013
Common and preferred stock	6,539,465
Corporate bonds	
Subtotal	10,222,876
Noncategorized:	
Money market	3,384,991
State Non-Arbitrage Program investments	
Total long-term investments	<u>21,833,694</u>
Total investments	<u>\$ 29,031,450</u>

Investments held by the Treasurer of Virginia represent the University's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

#### 5. DETAIL FOR BALANCE SHEET RECEIVABLE SUMMARY

##### Unrestricted Current Funds:

Accounts receivable, less allowance of \$389,618	<u>\$ 9,838,787</u>
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##### Restricted Current Funds:

Accounts receivable, less allowance of \$62,222	<u>\$ 715,767</u>
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##### Loan Funds:

Accounts receivable	<u>\$ 125,759</u>
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Notes receivable, less allowance of \$276,718	<u>\$ 4,182,369</u>
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##### Agency Funds:

Accounts receivable	<u>\$ 554</u>
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#### 6. LONG-TERM DEBT

A summary of changes in long-term indebtedness follows:

	Balance July 1, 1998	Additions	Retirements	Balance June 30, 1999
Bonds Payable	\$ 44,080,369	\$ -	\$3,099,300	\$ 40,981,069
Leases Payable	<u>7,187,632</u>	<u>-</u>	<u>1,826,470</u>	<u>5,361,162</u>
TOTAL	<u>\$ 51,268,001</u>	<u>\$ -</u>	<u>\$4,925,770</u>	<u>\$ 46,342,231</u>

Long-term debt of the University at June 30, 1999, consists of the following:

Bonds Payable

Old Dominion University's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are backed by the full faith, credit and taxing power of the Commonwealth, and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(d) bonds are revenue bonds and are not backed by full faith, credit, or taxing power of the Commonwealth. These bonds are not General Obligation Bonds and are not deemed to constitute a legal liability of the Commonwealth. This debt is payable from general revenues or revenues of specific revenue-producing capital projects.

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance at June 30, 1999</u>
<u>Higher Education Institutions 9(c) Bonds:</u>			
Powhatan Field Apartments, Refunding Bonds, Series 1993 B	3.50% - 4.25%	2001	\$472,627
Powhatan Field Apartments—Phase II Federal Bonds, Series 1983A	3.00%	2013	2,100,000
Powhatan Field Apartments—Phase II Refunding Bonds, Series 1992	5.00% - 5.60%	2002	150,051
Midrise Apartments Federal Bonds, Series 1983 B	3.00%	2013	2,020,000
Midrise Apartments, Refunding Bonds, Series 1992	5.00% - 5.70%	2003	1,910,532
Athletic Renovation, Refunding Bonds, Series 1993 B	3.50% - 4.50%	2003	1,330,228
Athletic Renovation, Refunding Bonds, Series 1993	3.75% - 4.90%	2004	403,448
Life Science Building Parking, Refunding Bonds, Series 1993 B	3.50% - 4.50%	2003	448,564
Life Science Building Parking, Refunding Bonds, Series 1993	3.75% - 4.90%	2004	136,164
Rogers Hall Renovation, Refunding Bonds, Series 1993 B	3.50% - 4.50%	2003	504,482
Rogers Hall Renovation, Refunding Bonds, Series 1993	3.75% - 4.90%	2004	151,293
Gresham Dormitory Renovation, Refunding Bonds, Series 1992	5.00% - 5.70%	2003	386,878
Smalls Hardware, Refunding Bonds, Series 1993	3.75% - 5.20%	2008	258,329
Athletic Facility—Phase I, Refunding Bonds, Series 1993B	3.50% - 5.00%	2010	3,908,128
Athletic Facility—Phase I, Refunding Bonds, Series 1996	6.40% - 8.40%	1999	
Athletic Facility—Phase I, Refunding Bonds, Series 1996	4.75%	2001	590,328
Multi-Level Parking, Refunding Bonds, Series 1993B	3.50% - 5.00%	2010	3,074,946



Multi-Level Parking, Refunding Bonds, Series 1996	4.75%	2001	463,097
Webb Center Addition, Refunding Bonds, Series 1993B	3.50% - 5.00%	2011	4,028,778
Webb Center Addition, Refunding Bonds, Series 1996	5.60% - 7.60%	2002	935,000
Webb Center Addition, Refunding Bonds, Series 1996	4.75%	2003	363,196
<u>Higher Education Institutions 9(d) Bonds:</u>			
Virginia Beach Campus, Series 1997A	3.75% - 5.00%	2018	10,155,000
Convocation Center, Series 1997A	3.75% - 5.00%	2018	5,295,000
Convocation Center Parking Facility, Series 1997A	3.75% - 5.00%	2018	<u>1,895,000</u>
Total Bonds Payable			<u>\$ 40,981,069</u>
<u>Capital Leases Payable:</u>			
Virginia College Building Authority allocation from Equipment Trust Fund (Note 7)			<u>\$ 5,361,162</u>
TOTAL LONG-TERM DEBT			<u>\$46,342,231</u>

Long-term debt matures as follows:

Year Ending June 30,	Bonds	Capital Leases	Total
2000	\$ 5,015,541	\$ 1,829,609	\$ 6,845,150
2001	5,011,423	1,913,104	6,924,527
2002	4,733,791	1,517,841	6,251,632
2003	4,579,645	617,003	5,196,648
2004	4,067,965	-	4,067,965
Later years	<u>32,921,511</u>	<u>-</u>	<u>32,921,516</u>
Total	\$56,329,881	\$ 5,877,557	\$62,207,438
Less Interest	<u>(15,348,812)</u>	<u>(516,395)</u>	<u>(15,865,207)</u>
Net principal	<u>\$40,981,069</u>	<u>\$ 5,361,162</u>	<u>\$46,342,231</u>

7. HIGHER EDUCATION EQUIPMENT TRUST FUND

The University has entered into lease agreements under the Equipment Trust Fund (ETF) of the Virginia College Building Authority (VCBA). The lease agreements are payable over a five year period with interest ranging from 4.10 percent to 5.00 percent for principal outstanding at June 30, 1999, totaling \$5,361,162. Under the terms of the leases, the University is authorized to purchase equipment from an approved list of equipment items in an amount not to exceed the principal amount of the lease. Payments for such purchases are to be reimbursed to the University or directly paid by the VCBA from the VCBA Equipment Trust Fund financed from proceeds of bonds issued by the VCBA for such purpose. The General Assembly has appropriated from the General Fund of the Commonwealth, an amount sufficient to repay principal and interest, for the general fund portion of the lease payment, and the University is required to pay the nongeneral fund portion of the lease payment. At June 30, 1999, the University had purchased equipment totaling \$20,796,031 which is their total allocation from the VCBA.

8. COMMITMENTS

At June 30, 1999, the University was committed to construction contracts totaling \$32,411,958. Under those contracts, completed construction amounted to \$31,229,797 and uncompleted construction amounted to \$1,182,161 at June 30, 1999.

The University leases various types of equipment and real property under operating lease arrangements. Rental expense under operating leases was \$2,127,900 for the year ended June 30, 1999. Commitments for operating leases for subsequent fiscal years are as follows:

<u>Year Ending June 30,</u>	<u>Operating Lease Obligations</u>
2000	\$ 376,907
2001	279,136
2002	279,136
2003	279,136
2004	279,136
Later years	<u>3,628,768</u>
Total	<u>\$ 5,122,219</u>

9. CASH OVERDRAFT

The cash overdraft in the Endowment and Similar Fund is due to the University's short-term investment of excess cash in bank. The cash overdraft in the Unexpended Plant Fund is due to cash drawdowns not yet requested from the State at year end. These funds are invested with the State Treasurer as of June 30, 1999.

10. RETAINAGE PAYABLE

At June 30, 1999, \$522,135 was held by the University as retainage on construction contracts for work which has been performed. Retainage represents contractual or agreed-upon amounts withheld from contractors pending satisfactory completion of the construction projects.

11. STATE APPROPRIATIONS – CURRENT UNRESTRICTED FUNDS

The Appropriation Act specifies that unexpended appropriations from the General Fund of the Commonwealth shall revert, except as specifically provided by the General Assembly, at the end of a biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursement.

During the fiscal year ended June 30, 1999, the following changes were made to the University's original appropriation, including supplemental appropriations received in accordance with the Appropriation Act of 1999, Chapter 935, Acts of Assembly:

Original Appropriation	\$71,671,551
Adjustments:	
Student financial assistance	1,644,534
HEETF additional appropriations	459,781
HEETF payment	(1,853,580)
Central Fund	162,757
Prior year General Fund rollover	13,266
Retirement Health Credit	(37,579)
General Funds	(5,838)
Act PT 3 transfer	<u>(27,886)</u>
Adjusted appropriations	<u>\$ 72,027,006</u>

12. RETIREMENT AND PENSION SYSTEMS

Substantially all full-time classified salaried employees of the University participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). Information relating to this plan is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not Old Dominion University, has overall responsibility for contributions to this plan.

Full-time faculty and certain administrative staff are eligible to participate in other retirement plans. These are fixed contribution programs where the retirement benefits received are based upon employer contributions of 5.10 percent and employee contributions of 5 percent and interest and dividends. Individual contracts issued under the plans provide for full and immediate vesting of both University and employee contributions. Total pension costs under these plans were approximately \$2,681,420 for the year ended June 30, 1999. Contributions to other retirement plans were calculated using the base salary amount of approximately \$25,782,881.

13. POST-EMPLOYMENT BENEFITS

The Commonwealth participates in the VRS administered statewide group life insurance program, which provides post-employment life insurance benefits to eligible retired and terminated employees. The Commonwealth also provides health care credits against the monthly health insurance premiums of its retirees who have at least 15 years of service and participated in the state health plan. Information related to these plans is available at the statewide level in the Commonwealth's Comprehensive Annual Financial Report (CAFR).

14. LITIGATION

The University has been named as a defendant in two lawsuits. The final outcome of these lawsuits cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the University may be exposed will not have a material effect upon the University's financial position.

15. CONTINGENCIES

The University receives assistance from grantor agencies in the form of grants and contracts for specific purposes that are subject to review and audit by the grantor agencies. Claims against those resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations. Any disallowance resulting from final settlement may become a liability of the University. As of June 30, 1999, the University estimates that no material liabilities will result from such settlements.

16. SURETY BOND

The employees of the University were covered by a Faithful Performance Duty Bond administered by the Commonwealth of Virginia's Department of General Services, Division of Risk Management with liability limits of \$500,000 for each occurrence. Information relating to the Commonwealth's self-insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

**OLD DOMINION UNIVERSITY**  
**SCHEDULE OF AUXILIARY ENTERPRISES REVENUES AND EXPENDITURES**  
**For the Year Ended June 30, 1999**

	Residential Facilities	Dining Services	University Stores	Virginia Beach Development **	Student Activities	Webb Center	Parking	East Side Development **	Athletics	Auxiliary Other **	General Fee Reserve	Total
Operating revenues:												
Student fees	\$ 5,289,074	\$ 410,668	\$ -	\$ 600,000	\$ 1,512,742	\$ 2,283,900	\$ -	\$ 4,116,726	\$ 7,593,810	\$ 1,175,777	\$ 205,186	\$ 23,187,883
Sales and services	1,402,049	-	70,305	-	116,656	169,857	2,547,576	381,156	1,034,618	903,365	-	6,625,582
Private gifts, grants, and contracts	-	-	-	2,513,434	-	-	-	-	265,044	-	-	2,778,478
Proceeds from Securities Lending Program	-	-	-	-	-	-	-	-	-	-	61,588	61,588
Rental and other income	-	-	548,100	184,484	-	-	-	167,360	309,674	-	-	1,209,618
Gross operating revenues	6,691,123	410,668	618,405	3,297,918	1,629,398	2,453,757	2,547,576	4,665,242	9,203,146	2,079,142	266,774	33,863,149
Cost of sales	-	-	-	-	-	-	-	-	16,470	-	-	16,470
Net operating revenues	6,691,123	410,668	618,405	3,297,918	1,629,398	2,453,757	2,547,576	4,665,242	9,186,676	2,079,142	266,774	33,846,679
Operating expenditures:												
Personal services	815,378	5,334	-	-	937,363	756,485	300,872	-	3,483,429	891,361	-	7,190,222
Contractual services	3,201,336	4,350	7,404	4,421	737,444	655,845	562,119	4,170	3,109,072	878,548	58,983	9,223,692
Equipment	226,319	-	138	-	63,341	49,463	11,414	-	152,030	87,692	-	590,397
Supplies and materials	233,066	-	6,478	8,114	108,945	122,319	27,722	-	354,737	130,828	-	992,209
Scholarships	-	-	-	-	-	-	-	-	1,508,880	-	-	1,508,880
Total operating expenditures	4,476,099	9,684	14,020	12,535	1,847,093	1,584,112	902,127	4,170	8,608,148	1,988,429	58,983	19,505,400
Excess of revenues over operating expenditures	2,215,024	400,984	604,385	3,285,383	(217,695)	869,645	1,645,449	4,661,072	578,528	90,713	207,791	14,341,279
Nonoperating revenue:												
Private gifts	-	-	-	-	-	-	-	-	304,653	-	-	304,653
Mandatory transfers:												
Debt service	(1,502,518)	-	-	(821,390)	(6,082)	(697,316)	(576,864)	(579,294)	(945,915)	(150)	-	(5,129,529)
Nonmandatory transfers (to)/from other funds	(168,824)	(169,034)	(618,405)	56,875	59,777	(219,955)	(131,111)	(48,406)	946,938	(449,749)	(482,028)	(1,223,922)
Total transfers	(1,671,342)	(169,034)	(618,405)	(764,515)	53,695	(917,271)	(707,975)	(627,700)	1,023	(449,899)	(482,028)	(6,353,451)
Net increase (decrease) in fund balances	543,685	231,950	1,222,790	4,049,898	(271,390)	1,786,916	2,353,424	5,288,772	882,158	540,612	689,819	8,292,481
Fund balances (deficit) at beginning of year	3,883,488	304,123	44,981	2,203,593	(35,187)	1,182,454	2,694,975	8,982,970	1,248,912	883,736	352,307	21,746,352
Fund balances (deficit) at end of year	\$ 4,427,173	\$ 536,073	\$ 1,267,771	\$ 6,253,491	\$ (306,577)	\$ 2,969,370	\$ 5,048,399	\$ 14,271,742	\$ 2,131,070	\$ 1,424,348	\$ 1,042,126	\$ 30,038,833

\*\* In the prior year's audit report, the Virginia Beach Development Fund and the East Side Development Fund were included in Auxiliary Other .  
Also, the following were reported as separate auxiliaries in the prior year but are included in Auxiliary Other for the current year:  
Summer Activities, Vending Commission, and Health Services.

OLD DOMINION UNIVERSITY  
Norfolk, Virginia

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